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Industry's Program for
A M E R I C A N
P R O G R E S S
1939

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Congress of American Industry
New York, December 8, 1938*

Industry's Program for American Progress

THE United States is nearing the end of nine years of sharply arrested development in its economic life.

Never before in our history has so long a period passed without recording a new high point in industrial production and individual well-being. It has been a period of trial and difficulty for even the most favored among us; of distress and anxiety for the less fortunate. Enterprise has been discouraged, the flow of new capital reduced and employment retarded; the resulting depression has borne down heavily on the typical American family.

Today there are still far too many employable men and women who want work and cannot find it.

The first concern of business continues to be recovery and jobs.

There is an enormous pent-up demand which, if met, would provide jobs, raise living standards and increase security for the citizen against individual misfortune.

America's progress depends upon a united effort of industry, commerce, agriculture and labor in cooperation with government.

All of these groups have made mistakes, and we in industry admit our share. All have learned that there is a true harmony of interest between them, and there is a growing demand for intelligent teamwork. If these groups work together for future progress more jobs and better living can be provided for the 30,000,000 American families.

1. What Has Made America's Progress in the Past?

This country's past progress in achieving the world's highest living standards for its people has been based upon three fundamental American principles—

Religious and other individual liberties;
Representative political democracy;
Private enterprise.

Experience as well as present-day observations in many lands show that when one of these fundamentals is attacked the other two also are

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threatened. Political rights, intellectual liberty, and religious freedom are inevitably bound up with the preservation of private enterprise and economic opportunity.

Our very existence as an independent nation may be traced to the spirit of individual enterprise shown in colonial times. No combination of privileged interests, no economic dictatorship by government authority produced our past progress. It was achieved only through conditions which encouraged the individual to think, to work, to save, to invest, to invent, to take risks, to carry on the rivalries of wholesome competition. Any program of dictated economy would be a reversal of the American experience and tradition.

America's main problem today is how to apply these time-tested principles and institutions to the conditions and requirements of present day society.

This task is not the special concern of any one group, but is a national problem. Failure to solve it involves living on the nation's fat and causes a continued decline in living standards. We have already followed this course too long.

2. What Industry Suggests for America's Future

While recognizing the necessity of unemployment relief, the primary obligation is to create healthy business by eliminating the causes of unemployment.

Desire for healthy business is not alone the interest of industry, but is likewise the vital concern of—

Every owner of a lot, a home, a farm.

The millions of industrial workers and all others who perform services, and who together receive 85% of the national income.

64 million holders of life insurance policies, since these are backed up largely by investments in private business.

44 million saving depositors.

10 million individual stockholders in American companies.

6 million investors in building and loan associations.

Industry pledges its best efforts in this national endeavor, including detailed review of its own operations and policies, and full recognition of its social responsibilities.

Industry's program includes specific suggestions with respect to:

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| <i>I. Business responsibility</i> | <i>V. Regulation versus control</i> |
| <i>II. Labor relations</i> | <i>VI. Taxes</i> |
| <i>III. Tools for more jobs</i> | <i>VII. Government economy</i> |
| <i>IV. Purchasing power</i> | <i>VIII. Government competition</i> |
| <i>IX. Foreign Trade</i> | |

I

BUSINESS RESPONSIBILITY

BUSINESS men generally are aware that their human responsibilities include the operation of business with regard for the best interests of customers, employees and stockholders, and with recognition at all times of the rights of the public. Such policies contribute to understanding, promote harmony and thus tend to increase jobs and raise living standards. Industrial management should therefore—

- 1. Interest itself actively in the economic and social needs of the times; present suggestions to meet the problems involved; and tell the story of industry's views and accomplishments to the public.*
- 2. Publish frequently simple and informative statements concerning financial and other operations, in order to interest both employees and stockholders more directly in company problems and operations.*
- 3. Consistently maintain quality standards; develop and improve products offered by means of market research, technical research and experimentation; make price adjustments as rapidly as improved manufacturing processes and other economies will permit without injustice or injury to employees, creditors and owners, including stockholders.*
- 4. So manage its financial, inventory and customer credit policies as to effect the maximum volume of production, distribution and employment that can be maintained continuously.*
- 5. Maintain sound relations with its employees as set forth in the following section of this program.*
- 6. Conduct its business so that it is at all times a desirable citizen of the local community in which it operates.*
- 7. Encourage effective functioning and cooperation of associations to consider community, state and national problems.*

II

LABOR RELATIONS

INDUSTRY recognizes mutually satisfactory labor relationships as an essential to industrial efficiency and to the providing of more jobs and better living.

Industrial management recognizes that employees who wish to bargain collectively are entitled to do so, in whatever form they determine, through their own freely chosen representatives, and without intimidation or restraint from any source.

The disturbed labor relations which have existed during the past few years are a major obstacle to recovery. Industry pledges its full cooperation in whatever changes may be necessary to correct these conditions.

In order to promote mutually satisfactory labor relations which will increase production and provide more jobs, we urge employers to maintain a well-defined labor policy suitable to the conditions of the company, community and industry; to provide opportunity for free interchange of ideas between management and employees on all matters of common interest, adequate opportunity for prompt consideration and adjustment of complaints and fair wages for work performed, with incentives where they can be fairly applied as a reward for individual or group accomplishment; to maintain good working conditions.

Constant improvement of the methods of production creates jobs. Industrial management should endeavor to cushion the effects on individual employees of the introduction of new processes and labor-saving machinery; management and labor should cooperate in using every practicable means to provide continuity of employment, and should study the annual wages of employees in relation to their hourly earnings and the number of days per year the plant operates, including careful consideration of the effect of hourly rates upon continuity of employment and income.

III

TOOLS FOR MORE JOBS

THE tools and machinery to work with must be bought with savings. On the average there is an investment in manufacturing of \$6,500 back of each worker. For over 100 years in our American system of private enterprise the major source of such funds has been savings of business, and the source of next importance has been savings of individuals.

These investments have made men's efforts vastly more productive, by furnishing the aids which science, invention and engineering have made possible, through better tools and power equipment. Such tools and equipment constitute a substantial part of the privately owned wealth of the nation.

Saving and investment constitute the keystone to private enterprise. Anything that controls or limits these processes will eventually control and limit private ownership and use of property and will fix the underlying characteristics of our American life, including all aspects of personal liberty.

Since 1930 the total volume of savings and credit invested in business has been only a fraction of that needed to provide capital facilities which could either maintain employment and living standards or increase them for an increasing population. The deficiency created has in large measure been caused by discouragement and impediments to new enterprise created by public policies and legislative enactments. *It is essential for sustained*

recovery that investment of savings in private enterprise be greatly increased and maintained.

Though designed for the protection of investors through correction of abuses in the creation, issuance and subsequent trading in corporate securities, yet both the Securities Act of 1933 and the Securities Exchange Act of 1934 include provisions which are unnecessarily severe. Also the cost and time consuming requirements for compliance with the provisions of these statutes are greater than necessary for the protection of investors.

Since the enactment of these laws there can be little question but that they have had a substantial effect in holding down to the present subnormal level, the aggregate volume of new corporate securities issued and offered for sale to the public. While these enactments are burdensome upon all business it should be emphasized that they bear down with special weight upon small and marginal enterprises, the importance of which in our American economy needs no argument. Repressive provisions of these statutes should be moderated without impairment of their essential regulatory functions.

Job-making capital investments have been discouraged also in recent years by government policies which create fear of inflation. Such fear would be dispelled by—

Definite and dependable currency standards which permit industry to plan ahead;

Public debt level not so high as to constitute a threat to currency stability, impose undue burdens on the taxpayer, or pile up excessive obligations for future generations to pay.

Immediate, genuine and determined steps toward a complete balancing of the national budget.

IV

PURCHASING POWER

PURCHASING power for the individual means the amount of goods and services he can buy with his money. The nation's problem is to increase purchasing power—particularly that of those who have the smallest amount of it—but the question is how to do it. We know that the greatest advance in living standards has occurred when production was constantly increasing. The lesson of history, is that *purchasing power of the population is determined by the total volume of production and distribution of goods and services* and that our future standard of living depends upon the volume of our future production.

Schemes to create purchasing power by artificial re-distribution of wealth do not increase production and consequently do not bring about

increased employment. On the contrary, they drive capital into hiding, destroy the spirit of enterprise, and reduce the volume of employment. Producing more for constantly widening consumption is the only sound form of wealth distribution.

Attempts to manipulate the purchasing power of money without regard to the volume of production will not improve the standard of living.

Sound prosperity for farm and factory can exist only when equitable price relationships bring about maximum exchange of their goods and services.

V

REGULATION versus CONTROL of MANUFACTURING ENTERPRISE

REGULATION, for the public good, of certain aspects of private enterprise is recognized by all as an essential function of government.

Government should not, however, either operate or directly control the facilities of private business engaged in production or exchange of goods and services. Regulation and control are inherently different. Regulation functions from the outside, fixes in advance the rules of conduct, and should deal impartially with all. Control penetrates into the interior and becomes a part of managerial authority. When government control enters, the effectiveness of private management is impaired if not destroyed.

Regulation of manufacturing enterprise should be confined to insuring freedom of fair and open competition, together with protection of the rights of others, whether competitors, employees, employers, consumers, or the public.

Wherever regulation of manufacturing enterprise is imposed by government it should be embodied in specific statutes and administered, insofar as is possible, by the established executive departments of government.

Any necessary special agencies should be given a minimum of administrative latitude and should be required to exercise administrative discretion by the issuance and advance publication of specific regulations, with opportunity for public hearings thereon.

Regulations issued by such special agencies, and the administrative rulings of both executive departments and special agencies should be subject to adequate judicial review of the law and the facts by the established judicial departments of the government.

Government should not attempt by compulsion or inducement to control the kind or quantity of goods and services to be produced and distributed to the people, beyond measures required to insure fair, free and

open competition and to protect the public health. Any such control will lead inevitably to the destruction of private enterprise and the rise of some form of state controlled enterprise.

VI

TAXES

IT has been a familiar experience for American families for the last nine years to cut down household expenditures. While family budgets have thus been curtailed, government budgets have expanded in spectacular manner.

The mounting tax burden has meant that the self-supporting person has had to turn over an ever-larger portion of the proceeds of his labor to meet the expense of government. The cost of unemployment relief is a load on all employed persons who must divert part of their own income to support the unemployed.

Each dollar paid by the people in taxes, is a dollar withdrawn from their individual purchasing power. Taxes add to the cost of what is bought, reduce the volume of sales and production, and lessen the incentive for capital to invest.

We believe that the government itself should consider the advisability of lowering tax rates as a means of increasing tax receipts. The psychological and economic effects would be to give industry and its customers a "go ahead" signal, thus promoting industrial production and distribution and consequently raising government income.

We recommend the creation of a non-partisan representative committee to study the whole tax problem and make suggestions for complete scientific revision, clarification, and simplification of all forms of national, state and local taxes.

VII

GOVERNMENT ECONOMY

USEFUL and necessary expenditures by government must always be provided for, but the time has come for a better understanding with respect to the portion of the total national production which can be diverted to governmental purposes without causing a loss of jobs and lowering living standards.

We recognize the value of accurate accounting by industry and believe that the same standards should be pursued by government in preparing its own financial reports, thus enabling the citizen to understand the operations of his government.

We advocate widespread adoption of the spirit as well as of the letter of the civil service system in the selection of government employees, as a means of promoting both efficiency and economy.

Manufacturers should never overlook the fundamental processes of the private enterprise system in constantly improving production, lowering costs and passing as much as practicable of these benefits to the public through lower prices. We believe it is equally important for government to improve the efficiency of its services and lower the cost of government to the public. This process in government as well as in business is vitally necessary to recovery.

VIII

GOVERNMENT COMPETITION

THE function of the government is primarily political, not economic. It was neither conceived nor constructed to compete with its own citizens in the production and distribution of the things used by the people.

Government business will invariably destroy private business when in competition with it. Private enterprise cannot compete successfully with enterprise carried on by government. In the final analysis deficits when created by government enterprise are always paid by the taxpayer.

If and when public enterprise is undertaken, the field in which it is to operate should be clearly defined and shut off from the area in which private enterprise functions.

Continuing and increasing government competition with private enterprise is a major deterrent to the flow of job-creating capital into business.

IX

FOREIGN TRADE

ALTHOUGH national progress is to some extent affected by international factors beyond our control, this is less true of the United States than of most of the other principal nations. We believe that all foreign trade and tariff policies should be related to the needs of the home economy with the objective of protecting the standard of living of the American people, particularly that of the workers and farmers.

Within this framework foreign trade should be encouraged by every legitimate means.



PREPAREDNESS FOR NATIONAL DEFENSE

AMERICAN industry is opposed to war and appeals for international peace, which is the indispensable condition of civilized progress.

American manufacturers realize that in addition to the moral issues involved war results in losses in human lives and injuries which are irreparable. *Any apparent profits due to war are more than wiped out by resulting depressions and overwhelming debt loads.* Industry likewise opposes war because wars have tended to destroy representative government and protection of individual and minority rights.

Industry has always supported sound preparedness policies genuinely necessary for the protection of the American people. Because of the costs involved strict economy should be practiced in making necessary armament expenditures.

Activity resulting from armament expenditures can only be temporary, creates artificial prosperity, and is thus less desirable from every viewpoint than prosperity arising out of production of goods which improve living standards.

The primary purpose of our arsenals and navy yards is to provide the peace time requirements of our army and navy for production and repair, and to constitute the laboratories for developing the techniques of national defense. They were neither conceived nor intended to supply the major portion of the military requirements of the country in periods of active warfare.

This national policy lays upon American industry the burden of producing the requirements for national defense.

LOOKING FORWARD

THE principles and policies presented in this program, if put into practice, would furnish incentives to invest, stimulate production and provide jobs, thereby ending the nine year interruption of progress toward better living.

The removal of existing obstacles is a job for government, labor, agriculture, commerce and industry, requiring the best efforts of all.

Out of such common effort reborn confidence would create opportunity for private enterprise to make jobs for men and women now carried on relief rolls. Thus a sound human basis would be laid for tapering off government expenditures and relieving individuals and business of back-breaking tax burdens. The removal of obstacles to the creation of more jobs and better living is an inspiration which challenges the heart and mind of American industry.

America was founded by men and women deeply influenced by the principles of religion and freedom. We commend to those who comprise American industry to-

day re-dedication to the faith of our fathers and to the principles which underlie the American competitive economic system, without which our spiritual freedom and our material progress cannot be maintained.

RESOLUTIONS

*Adopted by the
Congress of American Industry
December 9, 1938*

TRANSPORTATION

DISTRIBUTION of its products is a major necessity of industry and commerce, and the development of our transportation system has been a leading contribution to our industrial and commercial success.

We call on Congress, transportation agencies and industrialists to give their best talents and efforts to obtaining a satisfactory solution of the transportation problem.



LABOR RELATIONS POLICY LEGISLATION

Preamble

IN THESE times of stress and uncertainty when so much attention is being directed to relations between Employer and Employee, with the leaders of both organized labor and management uncertain as to proper procedure—the Congress of American Industry desires to present to Government—to the general public—to Labor, some principles that should underlie all legislation on “Labor Relations” in our country.

The efficient production and distribution of goods essential to maintain and improve the general standard of living increasingly depends upon intelligent cooperation between employers and employees. The recognition of their common interests and fair dealing between the parties, upon a basis of equal responsibilities, are essential to such cooperation. *Cooperation can only come about as the result of mutual confidence and mutual confidence can never be legislated.*

We present these principles with the confident hope that our legislators, supported by public opinion, can and will observe them in any and all legislation affecting labor relations.

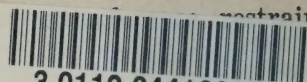
First

The proper function of government in labor relations is to insure equal rights for both Employer and Employee with due regard for the public interest and the rights of individual citizens.

Second

The right of workers to self-organization and to bargain collectively through representatives of their own choosing should include the full

and free voluntary exercise of such right with
or intimidation from any source.



Third

When a controversy has reached a stage where legal or judicial action becomes necessary, such action should be in accordance with our long established rules of judicial procedure.

Fourth

Any legislation affecting the relations of Employer and Employee should in its provisions and administration observe the constitutional rights of free speech, rights of property and the right to work or not to work—in like manner and to the same extent that those rights are commonly enjoyed by other classes of citizens.

We believe that all labor legislation, federal, state, and municipal, should be in conformity with these principles. It is generally recognized that the National Labor Relations Act and certain state acts do not so conform.

The success and growth of business are of vital concern to both employers and employees. It is the responsibility of leadership of both labor and management to demonstrate their ability to cooperate in order to insure proper wages, good working conditions, reasonable return on invested capital, and full protection to consumers.

COMMITTEE REPORTS AVAILABLE

Summaries of the following reports were presented and approved by the Congress of American Industry. Single printed copies of the full reports are available upon application, without charge. They are:

Report of the Committee on Government Finance.

Report of the Committee on Employment Relations.

Report of the Committee on Agricultural Cooperation.

Statement of Policy submitted on behalf of the Tariff Committee.

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